

VZCZCXRO2974
PP RUEHRG
DE RUEHBR #2124/01 3131401
ZNR UUUUU ZZH
P 091401Z NOV 07
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC PRIORITY 0415
INFO RUEHRI/AMCONSUL RIO DE JANEIRO 5406
RUEHRG/AMCONSUL RECIFE 7347
RUEHSO/AMCONSUL SAO PAULO 1149
RUEHAC/AMEMBASSY ASUNCION 6397
RUEHBU/AMEMBASSY BUENOS AIRES 5116
RUEHCV/AMEMBASSY CARACAS 3857
RUEHME/AMEMBASSY MEXICO 2096
RUEHMN/AMEMBASSY MONTEVIDEO 7090
RUEHLP/AMEMBASSY LA PAZ 5755
RUEHSG/AMEMBASSY SANTIAGO 6527
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/USDOC WASHDC
RHMFISS/CDR USSOUTHCOM MIAMI FL
RUEAIIA/CIA WASHDC
RUEANHA/FAA NATIONAL HQ WASHINGTON DC
RUEAYVF/FAA MIAMI ARTCC FL
RULSDMK/DEPT OF TRANSPORTATION WASHDC
RUWDQAB/NTSB WASHINGTON DC
RUEHC/DEPT OF LABOR WASHDC

UNCLAS SECTION 01 OF 05 BRASILIA 002124

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/EPSC AND EEB/TRA
STATE PASS USTR FOR KATE DUCKWORTH
STATE FOR USAID/LAC/AA
FAA FOR CCAPESTANY, GBURDICK
DEPT OF TRANSPORTATION FOR BHEDBERG
BUENOS AIRES FOR TSA ATTACHE
MEXICO CITY FOR TSA ATTACHE MGALVAN
USDOC FOR 4332/ITA/MAC/WH/OLAC
USDOC ALSO FOR 3134/USFCS/OIO
NSC FOR TOMASULO
TREASURY FOR JHOEK
SOUTHCOM FOR POLAD
NTSB FOR RMACINTOSH, BENGLISH

E.O. 12958: N/A

TAGS: [EAIR](#) [ECON](#) [MARR](#) [EIND](#) [PGOV](#) [PREL](#) [EINV](#) [BEXP](#) [BR](#)
SUBJECT: BRAZIL CIVAIR: ANAC PRESIDENT RESIGNS; THREE DIRECTORS
CONFIRMED, TWO MORE IN THE WINGS; BILATS IN DEC.

REF: (A) Brasilia 600
(B) Brasilia 485
(C) Brasilia 290
(D) Brasilia 06 2680
(E) Brasilia 06 2521
(F) Brasilia 06 2315
(G) Initial letter from DAS JByerly to ANAC, 08/17/07
(H) Bilat invitation letter from ANAC to DAS JByerly, 09/04/07
(I) Confirmation letter from EEB/TRA TRobl to ANAC, 10/31/07
(J) GSarrano-JReifman e-mails: 08/14, 08/16, 08/17, 08/20,
09/11, 09/14, 09/21, 09/24, 09/27/07
(K) GSarrano-TRobl e-mails: 09/21, 09/24, 09/25, 09/26, 09/27,
09/28, 10/11, 10/16, 10/22, 10/31, 11/01, 11/05/07

SENSITIVE BUT UNCLASSIFIED--PLEASE PROTECT ACCORDINGLY

¶1. (SBU) SUMMARY. Brazil's civil aviation agency (ANAC)'s
Director-President Milton Sergio Silveira Zuanazzi formally
submitted his resignation to President Lula the afternoon of October
¶31. The same day, the "Diario Oficial da Uniao," the GOB's Federal
Register equivalent, announced the confirmation of two more new ANAC
Director nominees. This brought the total number of new ANAC
Directors to three out of five and created the conditions necessary
for Zuanazzi to step down, in accordance with the deal cut between

him and new Minister of Defense, Nelson Jobim. In August, EEB/TRA had proposed the idea of having bilateral aviation discussions with a view toward liberalization (Ref. G, J). Following the advice of Jobim and his new Secretary for Civil Aviation Solange Vieira to wait for some new ANAC members to be in place (Ref. K), post transmitted letter (Ref. I) on October 31 accepting ANAC's September 4 invitation (Ref. H) to host bilateral aviation consultations in Rio de Janeiro from December 5-7. The Brazilian congress's confirmation of three new ANAC Directors in the last two weeks is a positive development in moving the US-Brazil civil aviation agenda forward. See para 7 for biographical information on the three newly confirmed Directors as well as the two directors still pending confirmation. END SUMMARY.

12. (U) In the two-and-a-half-hour press conference that he called late on Thurs. morning November 1, Zuanazzi confirmed he would be resigning, saying he had stayed quiet during all the time his agency was criticized so as to not create problems. "I opted for silence, but I know that the minister (new Defense Minister and former Brazilian Supreme Court Chief Justice Nelson Jobim) doesn't understand anything about aviation," said Zuanazzi. He went on to portray himself as a champion of the average traveling citizen, saying "evil forces" are acting to impede the expansion and popularization of air travel (to poorer people) in Brazil. "They are afraid that flight sales will increase. . . there are people who don't want poor people to travel by air; they say that airports are looking like bus stations," he said. Zuanazzi further said that the measures recently announced by Jobim--which included the possibility of eliminating reduced fares, as well as mandating fewer seats per plane to expand leg room--would result in higher fares.

13. (SBU) Contentious and undignified as it may have been,

BRASILIA 00002124 002 OF 005

Zuanazzi's exit and the installation of new leadership is expected to make US-Brazil civil aviation negotiations ultimately more productive. Prior discussion by Ambassador Sobel and EconCouns with Jobim and his hand-picked new Secretary for Civil Aviation and proposed new ANAC Director-President, economist Solange Paiva Vieira, meant that the presence of at least one new Director and confirmation of other nominees would be the cue for Embassy Brasilia to transmit a letter responding to ANAC's offer for bilateral civil aviation talks in Rio December 5-7. The acceptance letter was delivered on October 31 to the first and only new Director physically in his chair at ANAC, General (Reserves) Allemander Pereira Filho, who was confirmed by the Brazilian congress on October 19 and began work on October 29.

14. (SBU) Civil aviation in Brazil over the past 16 months has been a roller-coaster ride (Reftels A-F). The five-member Directorship of ANAC had been faced with a barrage of criticism since September 29, 2006, the date Gol flight 1907 and a smaller Legacy jet flown by two American pilots collided over the Amazon. Factors cited in press accounts of the investigation include possible errors or lapses in communication among air traffic controllers and between them and the two aircraft; possible transponder system shut-down in the Legacy jet; alleged inexperience by the Legacy jet pilots on this particular, brand-new/maiden voyage aircraft; and a possible language barrier between the Legacy pilots and controllers. In addition to the military air traffic controllers coming under fire (Reftels A-F), ANAC's leadership has been perceived as ineffectual and even cavalier in addressing what the Brazilian media quickly labeled the "Aviation Crisis."

15. (SBU) A second tragedy, in addition to the frequent delayed or canceled flights, air traffic control center blackouts, and news footage of passenger resignation or wrath, was the last straw for the Brazilian government. The July 17, 2007 fiery crash of a TAM flight at Sao Paulo's Congonhas Airport killed 199 persons in the plane and on the ground. One of ANAC's Directors, Denise Abreu, was accused of using both her political influence and a false legal justification to persuade the Justice Department to circumvent normal airport safety procedures. This allegedly allowed ANAC and by extension, the airport authority, INFRAERO, to open the newly extended runway where the crash occurred even though certain safety measures such as pavement "grooving" had not yet been implemented.

(NOTE: reports of the investigation indicate a variety of potential contributing factors, including a short, although within legal limits, runway; a non-operating--again, legally so--reverse thruster; wet pavement; and the presence of a gas station in the direct path of the aircraft as it skidded and then veered off the end of the elevated runway. Reports of the investigation also indicate that the overall cause of the crash may have been pilot error. The deceased pilots are now alleged to have approached at too high a speed and to have not compensated for the locked-down thruster, thus overshooting the runway. The resulting thruster imbalance, in turn, is thought to have caused the aircraft to veer off the runway and into the gas station, which exploded. END NOTE).

BRASILIA 00002124 003 OF 005

16. (SBU) The public perceptions that ANAC and INFRAERO had apparently valued profits and flight frequencies above safety were deemed unforgivable, and culminated in a public outcry for Abreu's ouster as the person who signed off on the opening of the runway. (Comment: Abreu had already faced heavy criticism when photos were published of her posing in an evening gown and smoking a cigar at the wedding of fellow former ANAC Director Leur Lomanto's daughter--an event which just happened to take place during one of the worst episodes of flight delays and cancellations. An estimated 18,000 passengers were affected that weekend by ANAC's own estimates, and the event was soon dubbed the "Baile do Apagao," or "Blackout Ball," by the media. End Comment.) Abreu resigned and was investigated by a special tribunal of the Brazilian congress, or CPI. The CPI's final report, released October 31, removed names of her alleged accomplices, such as ex-President of INFRAERO and current congressman Carlos Wilson (of President Lula's party in the state of Pernambuco), but maintained the call for criminal indictment of Abreu. Three more ANAC Directors later also resigned, apparently in response to public and political pressure but citing "personal reasons." Only Zuanazzi consistently held firm for months, refusing to resign, saying he would not be a scapegoat, and asserting that he had a mandate to complete. Under Brazilian law, Defense Minister Jobim had no authority to fire Zuanazzi outright. Undeterred by this display of defiance, Jobim proceeded to nominate five people as replacement Directors, including one for Zuanazzi himself.

The New ANAC Leadership

17. (SBU) The following five people have been named by Defense Minister Jobim and approved by President Lula to take over the ANAC Directors' positions:

- a) Solange Paiva Vieira, proposed Director-President-still pending Senate Committee and plenary approval. Once approved, she would take over the position for the rest of its five-year mandate, until early 2011.
- 38 years old, recently married (on honeymoon until November 12); a native of Valenca, a town in the interior of Rio de Janeiro State.
- Academic Background: Undergraduate degree in economics from the Federal University of Juiz de Fora (State of Minas Gerais); Master's in economics from Fundacao Getulio Vargas, Rio de Janeiro
- Career: Began as an officer with BNDES, the National Bank of Economic and Social Development. In 1999, went to the Ministry of Social Security, where she created the "security factor," a formula that introduced life expectancy into Brazilian retirement calculations, and became Secretary of Complementary Security. In this position, she audited the major pension fund plans, recommended interventions and defended the extension of retirement age before one could collect one's pension. She was fired by the minister of social security in 2001, accused of being "harsh" with the complementary security agencies under her purview. In 2003, she headed Telos, the pension fund of Brazilian telephone company

BRASILIA 00002124 004 OF 005

Embratel, ensuring that people who did not work did not receive a pension, and participating in the sale of Embratel. In 2005, Vieira returned to BNDES in the credit area, where she remained until Minister Jobim called her to be his advisor. On September 18, Jobim announced his intent to name her to replace Zuanazzi as head of ANAC. On October 9, faced with a recalcitrant Zuanazzi, he named her to the newly created post of Secretary of Civil Aviation within the Ministry of Defense, pending Zuanazzi's departure.

- Reputation: The newspaper Gazeta Mercantil said November 1 that Vieira is "attractive, 38, haughty/proud, possesses an immense potential to captivate admirers and create enemies, but does not go unnoticed in the jobs in which she as acted." Vieira is widely seen as intelligent, shrewd, capable, and someone who does not shirk the hard duties. The Folha de Sao Paulo speculated October 31 that she may have some difficulty attaining Senate confirmation due to her work reforming the social security administration, during which time she made some enemies and caused constituents to protest vociferously to their congressional representatives. Other press sources have cited her lack of aviation experience. However, a Brazilian senate staffer told Econoff recently that he did not anticipate a problem with her approval. Embassy believes she will be a focused and pragmatic negotiator.

b) Allemander Pereira Filho (confirmed 19 October and published in Diario Oficial Mon. 22 October; in place at ANAC as of 29 October.)

- Career: Currently General in the Reserves; 25 years of experience in ANAC's predecessor, the DAC (Departamento de Aviacao Civil). From 2001 to 2005, he was head of the DAC's Subdepartment of Infrastructure. Will fulfill the remainder of the appointment of Jorge Luiz Brito Velozo, who had a 5-year appointment until sometime in early 2011. Unless the position title is changed, Pereira will be Director of Operational Security, Investigation and Prevention of Aviation Accidents.

c) Marcelo Pacheco dos Guaranys (confirmed Tues. 30 October and published in Diario Oficial Wed. 31 October; date formally in position TBD; not yet in his office space)

- Academic background: Law degree with specialization in Economic and Business Law

- Career: Economist; currently head of General Coordination of Transportation and Logistics of the Secretariat for Economic Monitoring at the Ministry of Finance. He is taking the place of Leur Antonio Britto Lomanto, to complete a four-year term ending in early 2010. Unless the position title or responsibilities change, Guaranys will be the ANAC Director charged with Airport Infrastructure.

d) Alexandre Gomes de Barros (confirmed Tues. 30 October and published in Diario Oficial Wed. 31 October; date formally in position TBD; not yet in his office space)

- Academic background: Graduate in civil engineering from the State University of Campinas, Sao Paulo State, 1991; Master's in Operations Research from the Aeronautical Technical Institute (ITA), a higher education institution linked to the Brazilian Air Force and located in the General Command of Aerospace Command in Sao Jose dos Campos, Sao Paulo State; Doctorate in Transportation Engineering

BRASILIA 00002124 005 OF 005

from the University of Calgary, Canada.

- Career: Currently assistant professor at the University of Calgary, Canada; Member of Council of Directors and head of the Scientific Committee of the Center of Planning and Transportation Engineering in Alberta, Canada; experience in transportation engineering, with emphasis in airports and air transportation; has acted principally in the segments of planning, including airport air transport systems and intelligent transportation projects. Airports with which he has assisted planning include New York's JFK, Seattle/Tacoma, Boston Logan, Leeds (U.K.), Hong Kong, and Incheon (Seoul). He is taking the place of Denise Abreu to complete a four-year term ending in early 2010. Unless the position title or duties have changed, Barros will be in charge of Airline Services and User Relations.

e) Claudio Jorge Pinto Alves (nomination still awaiting confirmation)

- Academic background: Postgraduate in aeronautical and airport

infrastructure; Master's from the Polytechnic School of the University of Sao Paulo (USP); Doctorate, Aeronautical Technical Institute (ITA), a higher education institution linked to the Brazilian Air Force and located in the General Command of Aerospace Command in Sao Jose dos Campos, Sao Paulo State. Post-doctoral studies at France's National School of Civil Aviation (ENAC)
- Career: Currently professor at ITA; has been a consultant to ANAC's predecessor, the DAC, as well as Embraer, INFRAERO, and Petrobras. Once confirmed, he will likely take the place of former ANAC Director Josef Barat, who was charged with International Relations, Studies and Research, to finish a term that will end in early 2009.

Next Steps

18. (SBU) While two Directors--including proposed Director-President Vieira--still await confirmation, on November 5 post confirmed with the Ministry of External Relations (MRE) that our December 5-7 aviation bilateral discussions will go forward in Rio de Janeiro. The MRE says the GOB delegation is primed and "ready to go," although our interlocutor could not yet define the precise makeup of the delegation. Post will report further when all ANAC Directors are confirmed, in place, and occupying specific positions. In the meantime, we will continue to follow up with ANAC's Rio office to try to obtain the GOB's delegation list as quickly as possible, as well as to assist with logistical arrangements for our delegation's planned arrival the first week of December.

SOBEL